Financial Statements

American Relief Agency for the Horn of Africa
(a Nonprofit Organization)
Columbia Heights, Minnesota

For the Year Ended
December 31, 2020
American Relief Agency for the Horn of Africa  
Table of Contents  
December 31, 2020

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor's Report</td>
<td>3</td>
</tr>
<tr>
<td>Financial Statements</td>
<td></td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>7</td>
</tr>
<tr>
<td>Statement of Functional Expenses</td>
<td>8</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>9</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>10</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

Board of Directors
American Relief Agency for the Horn of Africa
Columbia Heights, Minnesota

We have audited the accompanying financial statements of American Relief Agency for the Horn of Africa (the Organization), a Minnesota nonprofit corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the inventory of the Mogadishu and Hargeisa offices of the Organization as of December 31, 2020. Those amounts were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Organization, is based solely on the report of the other auditors.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 1, 2021
FINANCIAL STATEMENTS
### American Relief Agency for the Horn of Africa
#### Statement of Financial Position
December 31, 2020

**Assets**

**Current Assets**
- Cash and cash equivalents: $741,470
- Accounts receivable: 1,836
- Pledges receivable, net of allowance for doubtful accounts of $22,172: 199,552
- Inventory: 40,496
- Prepaid expenses: 1,644
  - **Total Current Assets**: 984,998

**Agreement deposit**: 100,000

**Property and Equipment**
- Land and improvements: 45,675
- Building and improvements: 219,886
- Furniture and equipment: 77,064
- Vehicles: 25,400
  - **Total Property and Equipment, Cost**: 368,025
  - **Less Accumulated Depreciation**: (115,764)
  - **Total Property and Equipment, Net**: 252,261

**Intangible Assets**
- Mailing list: 350
- Software: 16,282
- Website: 6,753
  - **Total Intangible Assets, Cost**: 23,385
  - **Less Accumulated Amortization**: (13,430)
  - **Total Intangible Assets, Net**: 9,955

**Total Assets**: $1,347,214

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See Independent Auditor's Report and Notes to the Financial Statements.
### Liabilities and Net Assets

#### Current Liabilities
- Accounts payable: $111,371
- Accrued expenses: $109,997
- Security deposit: $2,898
- Paycheck Protection Program loan payable: $81,151

**Total Liabilities**: $305,417

#### Net Assets
- **Without donor restrictions**
  - Undesignated: $108,854
  - Board designated: $329,226

**Total without donor restrictions**: $438,080

- **With donor restrictions**: $603,717

**Total Net Assets**: $1,041,797

**Total Liabilities and Net Assets**: $1,347,214

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American Relief Agency for the Horn of Africa  
Statement of Financial Position (Continued)  
December 31, 2020

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See Independent Auditor's Report and Notes to the Financial Statements.
American Relief Agency for the Horn of Africa  
Statement of Activities  
For the Year Ended December 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 416,007</td>
<td>$ 1,557,902</td>
<td>$ 1,973,909</td>
</tr>
<tr>
<td>In-kind donations</td>
<td>4,076,964</td>
<td>-</td>
<td>4,076,964</td>
</tr>
<tr>
<td>Rental income</td>
<td>40,715</td>
<td>-</td>
<td>40,715</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>1,565</td>
<td>-</td>
<td>1,565</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions</td>
<td>1,932,196</td>
<td>(1,932,196)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td>6,467,447</td>
<td>(374,294)</td>
<td>6,093,153</td>
</tr>
</tbody>
</table>

| **Expenses**                   |                           |                         |          |
| Program services               | 5,943,192                 | -                       | 5,943,192 |
| Supporting services            |                           |                         |          |
| Management and general         | 164,984                   | -                       | 164,984  |
| Fundraising                    | 318,436                   | -                       | 318,436  |
| **Total Expenses**             | 6,426,612                 | -                       | 6,426,612 |

| **Change in Net Assets**       |                           |                         |          |
|                               | 40,835                    | (374,294)               | (333,459) |

| **Net Assets, January 1**     | 397,245                   | 978,011                 | 1,375,256 |
| **Net Assets, December 31**   | $ 438,080                  | $ 603,717               | $ 1,041,797 |

See Independent Auditor's Report and Notes to the Financial Statements.
American Relief Agency for the Horn of Africa  
Statement of Functional Expenses  
For the Year Ended December 31, 2020

<table>
<thead>
<tr>
<th>Supporting Services</th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Related Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff salaries</td>
<td>$ 157,468</td>
<td>$ 87,975</td>
<td>$ 198,129</td>
<td>$ 443,572</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>8,060</td>
<td>4,502</td>
<td>10,141</td>
<td>22,703</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>8,275</td>
<td>4,623</td>
<td>10,412</td>
<td>23,310</td>
</tr>
<tr>
<td>Total Salaries and Related Expenses</td>
<td>173,803</td>
<td>97,100</td>
<td>218,682</td>
<td>489,585</td>
</tr>
</tbody>
</table>

Expenses

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>1,021</td>
<td>19,820</td>
<td>-</td>
<td>20,841</td>
</tr>
<tr>
<td>Building maintenance</td>
<td>10,160</td>
<td>3,245</td>
<td>5,378</td>
<td>18,783</td>
</tr>
<tr>
<td>Fundraising events</td>
<td>-</td>
<td>225</td>
<td>27,236</td>
<td>27,461</td>
</tr>
<tr>
<td>Media and marketing</td>
<td>3,263</td>
<td>15,196</td>
<td>17,709</td>
<td>36,168</td>
</tr>
<tr>
<td>Occupancy</td>
<td>9,200</td>
<td>10,831</td>
<td>7,172</td>
<td>27,203</td>
</tr>
<tr>
<td>Office and administrative</td>
<td>72,880</td>
<td>8,967</td>
<td>14,986</td>
<td>96,833</td>
</tr>
<tr>
<td>Postage, printing and shipping</td>
<td>63,562</td>
<td>3,783</td>
<td>8,323</td>
<td>75,668</td>
</tr>
<tr>
<td>Professional services</td>
<td>9,609</td>
<td>837</td>
<td>-</td>
<td>10,446</td>
</tr>
<tr>
<td>Project supplies</td>
<td>5,566,686</td>
<td>-</td>
<td>9,386</td>
<td>5,576,072</td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>17,798</td>
<td>122</td>
<td>1,512</td>
<td>19,432</td>
</tr>
</tbody>
</table>

Total Expenses Before Depreciation and Amortization

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortization expense</td>
<td>15,210</td>
<td>4,858</td>
<td>8,052</td>
<td>28,120</td>
</tr>
</tbody>
</table>

Total Expenses

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 5,943,192</td>
<td>$ 164,984</td>
<td>$ 318,436</td>
<td>$ 6,426,612</td>
</tr>
</tbody>
</table>

See Independent Auditor's Report and Notes to the Financial Statements.
### American Relief Agency for the Horn of Africa
#### Statement of Cash Flows
For the Year Ended December 31, 2020

#### Cash Flows from Operating Activities
- Change in net assets $\text{\( (333,459) \)}$
- Adjustments to reconcile change in net assets to net cash used by operating activities:
  - Depreciation and amortization $28,120$
  - Bad debts $-$
- (Increase) decrease in assets:
  - Accounts receivable $(1,436)$
  - Pledges receivable $(154,647)$
  - Inventory $(10,099)$
  - Prepaid expenses $150$
- Increase (decrease) in liabilities:
  - Accounts payable $(52,891)$
  - Accrued expenses $20,636$

\[
\text{Net Cash Used by Operating Activities} = (503,626)
\]

#### Cash Flows from Investing Activities
- Purchase property and equipment $(5,690)$
- Purchase intangible assets $(3,268)$

\[
\text{Net Cash Used by Investing Activities} = (8,958)
\]

#### Cash Flows from Financing Activities
- Proceeds from Paycheck Protection Program loan payable $81,151$

\[
\text{Change in Cash and Cash Equivalents} = (431,433)
\]

#### Beginning Cash and Cash Equivalents $1,172,903$

#### Ending Cash and Cash Equivalents $741,470$

See Independent Auditor's Report and Notes to the Financial Statements.
Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

American Relief Agency for the Horn of Africa (the Organization) is a non-profit organization incorporated on September 7, 2000 in Minnesota. ARAHA strives to alleviate human suffering and build self-reliant communities, by providing humanitarian aid and empowering individuals in the Horn of Africa and here at home. The Organization receives a majority of its support from grants and contributions. The major programs of the Organization are as follows:

   **Food Distribution** - Over 50,000 people are served by the distributions each year. The Organization employs a rigorous process of working with local officials and trusted community representatives to identify the specific families that would benefit the most from the Organization's regular food programs.

   **Water Wells** - The Organization works tirelessly to help those in the Horn of Africa who struggle to find water on a daily basis. Thousands of people and livestock now have easy access to water that is necessary to sustain life thanks to the dozens of shallow, hand-and-machine-dug wells that the Organization builds each year.

   **Education** - The Organization's goal is to give families the opportunity to help break the cycle of poverty in the Horn of Africa by building and maintaining of schools and computer labs, distributing textbooks and other essential supplies, and paying teacher salaries.

   **Income Generation** - The Organization has developed several projects, such as water tankers and dairy cows, which promote self-reliance by helping beneficiaries generate an income. By making their own money, families do not need to wait for another round of emergency aid to feed or clothe their children.

   **Orphan Sponsorship** - Millions of children are orphaned due to war, famine, HIV/AIDS, and drought in the Horn of Africa. The Organization's sponsorship provides food, clothing, and school fees to ensure that children who have lost their parents are able to stay in school and have hope for a better future.

   **Medical and Disaster Relief** - The Organization brings relief to thousands in East Africa when drought, disease, or famine comes to the region. Whether the relief efforts include setting up a mobile cholera clinic on the ground or delivering emergency water rations during severe drought seasons, our goal is to reach as many people as possible when disaster strikes the Horn of Africa.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in net assets without donor restrictions, or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

   **Net Assets Without Donor Restrictions (Unrestricted)** - Net assets without donor restrictions are those resources over which the Organization has discretionary control.

   **Net Assets With Donor Restrictions (Restricted)** - Net assets with donor restrictions are those resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization and/or the passage of time. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support. Some resources are subject to donor-imposed restriction that they be maintained permanently by the Organization. The Organization had no permanently restricted assets for years ended December 31, 2020.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.
Note 1: Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. At times, balances maintained at financial institutions may exceed the federally insured limit.

E. Accounts Receivable

Accounts receivable consist primarily of amounts billed for rent. Management provides for probable uncollectible amounts through a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off.

F. Pledges Receivable

Pledges receivable represent unconditional commitments from foundations, corporations, and individuals and are stated at the amount management expects to collect from outstanding balances. Such pledges are recorded after being discounted to the anticipated net present value of cash flows. Management provides for probable uncollectible amounts through a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off. The Organization periodically reviews individual accounts. As of December 31, 2020, allowance for doubtful accounts was $22,172.

G. Inventory

The Organization maintains inventory at its Mogadishu and Hargeisa offices. The Organization values its inventory using estimates from published valuation guides in addition to management’s evaluation of the condition of the inventory. Based on management’s evaluation, each inventory item is assigned a value which is applied consistently to each inventory item.

H. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

I. Property, Equipment, and Intangible Assets

Property, equipment, and intangible assets are recorded at cost or, in the case of contributed property, at fair value at the date of contribution. Expenditures for replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are expensed as incurred. At the time assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in the statement of activities. The Organization generally capitalizes asset purchases over $1,000.

Assets are depreciated and amortized using the straight-line and accelerated methods over the following useful lives:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Useful Lives in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and Improvements</td>
<td>15 - 39</td>
</tr>
<tr>
<td>Equipment</td>
<td>5 - 7</td>
</tr>
<tr>
<td>Mailing List, Software, and Website</td>
<td>5</td>
</tr>
</tbody>
</table>

For the year ended December 31, 2020, depreciation and amortization expense was $28,120.
Note 1: Summary of Significant Accounting Policies (Continued)

J. Support and Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

K. In-kind Goods and Services

The Organization receives gifts in-kind, which consists of textbooks for students, medical supplies for hospitals, and food for use in programs. In-kind revenue is recognized when the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with accounting principles generally accepted in the United States of America. Gifts in-kind received through donations are valued and recorded as revenue at fair value at the time the contribution is received. When the Organization distributes gifts in-kind as part of programs, an expense is reported in charitable giving program expenses in the statement of functional expenses.

Donated services are recognized at fair value if the services meet the recognition criteria prescribed by generally accepted accounting principles, which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization to fulfill its purpose. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. During the year ended December 31, 2020, the Organization received in-kind goods and services with an estimated fair value of $4,076,964 and distributed in-kind goods with an estimated fair value of $4,066,865.

L. Functional Expenses

The costs of providing the Organization’s various programs and supporting services are reflected on the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization’s largest portion of expenses includes salaries and benefits which are allocated based on each positions’ responsibilities. Those expenses that are organization-wide in nature are allocated based on the percentage breakout of salaries unless a specific allocation can be made.

M. Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

N. Advertising

Advertising costs are expensed as incurred and total $36,168 for the year ended December 31, 2020.

O. Shipping and Handling Costs

Shipping and handling costs are included in postage and printing expenses on the statement of functional expenses.

P. Upcoming Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.
Note 1: Summary of Significant Accounting Policies (Continued)

Q. Subsequent Events

In preparing the financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through April 1, 2021, the date the financial statements were available to be issued.

Note 2: Pledges Receivable

Pledges receivable represent amounts committed by donors that have not been received by the Organization. Pledges receivable consist of the following at December 31, 2020:

Amounts Due in:
- Less than one year $221,724
- Less: Allowance for doubtful accounts (22,172)

Total Pledge Receivables $199,552

Note 3: Cooperation Agreement

In 2016, the Organization entered into a continuous agreement with United Arab Emirates Red Crescent Authority (UAE), where UAE would finance certain projects within the Horn of Africa and the Organization would supply the labor to perform approved projects. Under the terms of the agreement, the Organization was required and agreed to pay a $100,000 agreement deposit in which UAE indicated it would simply hold the check issued to UAE in perpetuity and would not deposit the check. The purpose of the deposit is to have the ability to find labor to complete approved projects in the chance that the Organization does not fulfill the obligations.

Note 4: Credit Cards

The Organization maintained a credit card account to cumulatively borrow up to $25,000 as of December 31, 2020. Balances on these accounts accrue interest at variable rates of interest. Advances on these accounts are included in accounts payable on the statement of financial position.

Note 5: Accrued Vacation Pay

The Organization provides vacation time for both full-time exempt and non-exempt employees based on length of service. An employee cannot maintain any additional vacation time than the maximum the employee is allowed to earn in a twelve month period.

Note 6: Accrued Severance and Sick Pay

The Organization has a special provision in the sick pay policy which states that unused sick time, up to 25 days, will be paid out to an employee as normal wages at retirement. In addition, the Organization entered into an agreement with the Executive Director which included a provision to provide a severance package upon termination of employment.

Note 7: Paycheck Protection Program Loan

In June 2020, the Organization entered into a promissory note agreement with TCF National Bank in the amount of $81,151 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature June 2022. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). The Organization expects the loan to be fully forgiven.
Note 8: Board Designated Net Assets

The Organization’s Board of Directors has established an account of net assets without donor restrictions designated to help establish an estimated six month reserve for operating expenses. Board designated net assets were $329,226 at December 31, 2020.

Note 9: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>$298,613</td>
</tr>
<tr>
<td>Disaster Relief</td>
<td>$112,872</td>
</tr>
<tr>
<td>Zakat Almaal</td>
<td>$90,911</td>
</tr>
<tr>
<td>Income Generating Projects</td>
<td>$90,051</td>
</tr>
<tr>
<td>Orphans</td>
<td>$5,677</td>
</tr>
<tr>
<td>Food</td>
<td>$3,464</td>
</tr>
<tr>
<td>Other</td>
<td>$2,129</td>
</tr>
<tr>
<td><strong>Total Net Assets With Donor Restrictions</strong></td>
<td><strong>$603,717</strong></td>
</tr>
</tbody>
</table>

Note 10: In-kind Contributions

The Organization received the following in-kind contributions during the year ended December 31, 2020:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$1,643,394</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>$2,433,570</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,076,964</strong></td>
</tr>
</tbody>
</table>

Note 11: Rental Income

During 2020, the Organization leased a portion of the office space to two non-related businesses on a month-to-month basis. The first lease, with Building Blocks of Islam, commenced on October 1, 2020 and is set to end on September 30, 2021. The lease term after September 30, 2021 will be on a monthly basis. Monthly payments from Building Blocks of Islam are $1,697, plus its share per square footage of electricity and heating expenses. The second lease, with Urban Children and Youth Education Center, commenced on October 1, 2020 and is set to end on September 30, 2021. The lease term after September 30, 2021 will be on a monthly basis. Monthly payments from Urban Children and Youth Education Center are $1,365, plus its share per square footage of electricity and heating expenses. Additionally, the Organization rents out its basement on a case-by-case basis for $25 per hour. Total rental income from these leases was $40,715 as of December 31, 2020.

Note 12: Retirement Plan

The Organization offers a simple IRA plan to qualified staff participants in which the Organization will match up to 3% of what the employee contributed. Pension expense amounted to $5,653 for the year ended December 31, 2020.
Note 13: Foreign Small Office Leases

The Organization rents five office spaces in Africa for the purpose of overseeing the programs in Africa. All office spaces are on a month-to-month or less than a calendar year basis. Total rent expense for these five offices amounted to $17,610 for the year ended December 31, 2020.

Note 14: Commitment to Fund Annual Operations of School

In 2010, the Organization built a school for girls in the Shegerab camp in eastern Sudan in partnership with Healing Bridges, Inc. The partnership agreement with Healing Bridges stated that Healing Bridges will continue to support the school financially for operational expenses. In 2011, the Organization has determined that Healing Bridges failed to fulfill the promise and had stopped all funding in support of the school. The Organization has assessed that it has a moral obligation to support all of the school’s operational costs going forward until other assistance can be found. In 2019, ARAHA rehabilitated a nearby school building – in the same refugee camp – to be used as a high school for boys. As of December 31, 2020, the Organization has estimated that yearly operating costs for both schools are about $90,000, for which the Organization covers 100%. The Organization intends to continue fully funding the school's operating costs on an annual basis, as part of the Organization’s continuing mission work.

Note 15: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

As a result of the spread of the COVID-19, economic uncertainties have arisen which are likely to negatively impact the collection of pledges. As a result of these uncertainties, the Organization has increased the percentage of allowance for doubtful accounts from 40 percent to 60 percent. Other financial impacts could occur, though such potential impacts are unknown at this time.

Note 16: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 741,470</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>1,836</td>
</tr>
<tr>
<td>Pledges Receivable, Net</td>
<td>199,552</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>942,858</strong></td>
</tr>
</tbody>
</table>

Less financial assets unavailable for general expenditure within one year, due to:

<table>
<thead>
<tr>
<th>Restriction</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal board designations</td>
<td>(329,226)</td>
</tr>
<tr>
<td>Donor-imposed restrictions</td>
<td>(603,717)</td>
</tr>
</tbody>
</table>

**Financial assets available to meet cash needs for general expenditures within one year**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 9,915</td>
</tr>
</tbody>
</table>

As part of the Organization’s liquidity plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization intends to continue fully funding the school's operating costs on an annual basis, as part of the Organization’s continuing mission work.